

1 UNITED STATES DISTRICT COURT

2 DISTRICT OF MINNESOTA

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5 Skky, Inc.,) Case No. 13-CV-2072 (PJS/JJG)
6)
7 Plaintiff,)
8 vs.) St. Paul, Minnesota
9) March 26, 2014
10 Thumbplay Ringtones, LLC,) 2:14 p.m.
11)
12 Defendant.)
13 -----

14 Skky, Inc.,) Case No. 13-CV-2083 (PJS/JJG)
15)
16 Plaintiff,)
17 vs.)
18 Dada Entertainment, Inc.,)
19)
20 Defendant.)
21 -----

22 Skky, Inc.,) Case No. 13-CV-2086 (PJS/JJG)
23)
24 Plaintiff,)
25 vs.)
26 Manwin USA, Inc., and Manwin)
27 Holding, s.ar.l,)
28)
29 Defendant.)
30 -----

31 BEFORE THE HONORABLE JEANNE J. GRAHAM
32 UNITED STATES DISTRICT COURT MAGISTRATE JUDGE
33 HEARING ON PLAINTIFFS' MOTION TO COMPEL
34 AND MOTION FOR PROTECTIVE ORDER
35

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

Skky, Inc.,) Case No. 13-CV-2087 (PJS/JJG)
Plaintiff,)
vs.)
Vivid Entertainment, LLC,)
Defendant.)

Skky, Inc.,) Case No. 13-CV-2089 (PJS/JJG)
Plaintiff,)
vs.) St. Paul, Minnesota
Playboy Enterprises, LLC,) March 26, 2014
Defendant.) 2:14 p.m.

BEFORE THE HONORABLE JEANNE J. GRAHAM
UNITED STATES DISTRICT COURT MAGISTRATE JUDGE
**HEARING ON PLAINTIFFS' MOTION TO COMPEL
AND MOTION FOR PROTECTIVE ORDER**

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PROCEEDINGS

IN OPEN COURT

THE COURT: We are here today in related matters of Skky, and then it is versus Thumbplay Ringtones, Dada Entertainment, Manwin, Vivid Entertainment and Playboy, Civil File No. -- well, there are several, 13-2072, 2083, 2086, 2087, 2089, assigned to District Court Judge Pat Schiltz.

I am Jeanne Graham, I am the Magistrate Judge, and we are here today on Plaintiff's Motions to Compel, and Defendant Manwin and Playboy's Motion for a Protective Order.

All right, long introduction. Let's have who is here today. And if you could kind of go a little slowly so I can find your name, and make the mark. All right?

MR. SCHULTZ: Your Honor, my name is Ryan Schultz from Robins Kaplan representing Skky, with me is Becky Thorson from Robins Kaplan. And then Dan Rosen from the Parker Rosen Law Firm.

THE COURT: All right, very good. Thank you. And
Thumbplay?

MR. HEVERIN: Your Honor, Tim Heverin for
Thumbplay, and Dada Entertainment, those are the Ringtone
Defendants, and with me is Ted Budd.

THE COURT: All right, very good. Thank you.

1 Manwin and/or Playboy?

2 MR. GASPARO: Well, Your Honor, Frank Gasparo with
3 Venable, counsel for Vivid, Playboy and Manwin.

4 THE COURT: Okay.

5 MR. GASPARO: And I am joined by my partner Tamany
6 Bentz and our local counsel Justi Miller.

7 THE COURT: All right, very good. Thank you.

8 All right. As I said, we are here for several
9 motions. I really -- we have, as you can see, a lot of
10 papers. So, I want to keep your -- I would like you to keep
11 your comments brief. I may have some questions and or
12 comments, as well. But, we will start with the Motion to
13 Compel, Motions to Compel.

14 And then I realize on some level it is the flip of
15 the coin. So, what we may do is, frankly, when Manwin and
16 Playboy get up in opposition, just roll that in to
17 your opposition, and then I will give Skky another
18 opportunity to respond to all of that.

19 Okay. So, who is going to speak on behalf of
20 Skky?

21 MR. SCHULTZ: I will, Your Honor, Ryan Schultz.

22 THE COURT: Ryan Schultz, all right.

23 MR. SCHULTZ: And I will try to provide some
24 organizational structure to make this as quick as possible
25 for the Court.

1 THE COURT: Sure.

2 MR. SCHULTZ: Skky's filed an order -- asking for
3 an order compelling responses to Skky's discovery requests
4 identified in the respective motions, because the Defendants
5 have refused to provide relevant information in response to
6 Skky's discovery requests. And those requests have been
7 pending for almost five months.

8 The issues that I would like to discuss today and
9 welcome any questions from the Court, are five issues. The
10 first one is refusal by all of the Defendants to produce
11 documents pending resolution of the Motion to Disqualify.
12 The second issue is confusion or some concern over the
13 definition of the term "services" within Skky's request. I
14 believe that also applies to all of the Defendants. And
15 then there is an issue, specific to Vivid, alone, regarding
16 production of documents that they -- and information that
17 they assert are in the possession of a third party.

18 There is the fourth issue, is the supplementation
19 of the interrogatories as to Manwin and Playboy. The fifth
20 issue I would like to talk about is the Quebec Business
21 Concern Records Act. Obviously, I will wait my turn after
22 Manwin and Playboy talk on that topic, so I will not address
23 it here.

24 In the Motion to Compel, we also raise the issue
25 of the requests for admissions. I don't intend at this time

1 to talk about the requests for admissions, but if the Court
2 has questions on those, I will gladly help answer any of
3 those questions.

4 THE COURT: Okay.

5 MR. SCHULTZ: I want to provide a little bit of
6 background facts for the Court that related to the case and
7 that led up to the Motion to Compel.

8 Skky was founded by the two inventors, John
9 Mikkelsen and Dr. Friesen. Mikkelsen and Dr. Friesen
10 conceived of the idea of transmitting content rich media,
11 such as images, videos, audio clips to cell phones back in
12 2000.

13 Now, we have to keep in mind that this is 2000 and
14 not today. The first smart phone didn't allegedly come out
15 until 2004, the iPhone wasn't released until 2007. So, back
16 in 2000 is when Mikkelsen and Dr. Friesen came up with the
17 idea that they later sought and obtained a patent on, which
18 is the '875 Patent that is at issue here.

19 Dr. Friesen and John Mikkelsen also created a
20 prototype that demonstrated their device that was claimed in
21 the '875 Patent. So, the claims at issue here are related
22 to a method of compressing this content rich media file,
23 storing the content rich media file, and then transmitting
24 that file to a wireless device means.

25 And I provide that context because then later when

1 we get into some of the discovery requests, I think it is
2 helpful to have that background to understand why we are
3 asking for the information that we are, and why not having
4 it is critical to Skky.

5 As to this case, the facts are that we filed the
6 lawsuit back in July of 2013. We served discovery requests
7 on October 31st, 2013. On December 6th, the Defendants
8 provided responses to those requests. Those responses
9 consisted of: Various objections; and then really no
10 substantive information; and most importantly, no responsive
11 documents.

12 The parties met and conferred after receiving the
13 discovery requests. The Defendants indicated to us that
14 they were in the process of reviewing and will be producing
15 documents, but would not provide a date certain for any
16 particular production.

17 The Defendants also raised at the first time the
18 issue of the ESI stipulation. At the time the parties had
19 not agreed to one and the Court hadn't entered an order.
20 And as far as Skky was told by the Defendants, all
21 responsive documents were electronically stored information.
22 Skky found that interesting that there was not a single hard
23 copy document with the Defendants that was responsive to the
24 requests, but since it was early on, there was still time,
25 Skky said we did not raise the issue with the Court at that

1 time.

2 So then the next -- like I said, with the ESI
3 stip, that eventually did get entered into July of 2013. At
4 that time, then, the Defendants have now raised the issue of
5 the Motion to Disqualify and so that they were not producing
6 responsive documents because of the issues related to
7 that.

8 We are not going to go into the substance of the
9 facts related to that because the Court has already spent
10 plenty of time on that issue. But, that was the third delay
11 tactic that the Defendants had used to not provide
12 responsive documents.

13 The fourth delay tactic that the Defendants have
14 instituted, at least Manwin and Playboy, was to raise the
15 issue of the Quebec Business Concern Act. They raised this
16 issue for the first time on January 6th. They did not
17 subsequently file a motion for a protective order until they
18 did it on March 13th. At all times the Defendants have
19 refused to provide responsive documents.

20 So, now I want to focus on the first issue that I
21 had identified, which is the Motion to Disqualify. The
22 Defendants are asserting that they do not have to produce
23 any responsive, confidential or highly confidential
24 information pending the resolution of the Motion to
25 Disqualify.

1 There simply is no authority or rule for them to
2 provide -- that would provide support for such assertion.
3 If Defendants -- the proper procedure that the Defendants
4 should have done was file the Motion for a Protective Order
5 to preclude them from having to respond to discovery
6 requests until the Court has resolved the Motion to
7 Disqualify. They did not do that. They filed a Motion to
8 Disqualify, which also had a contingent Motion to Amend the
9 Protective Order to preclude the Parker Rosen Law Firm from
10 having any access to confidential or highly confidential
11 information.

12 Again, there is just simply no authority for them
13 for refusing unilaterally to not respond to discovery
14 requests while the Motion to Disqualify is pending.

15 There has been a lot of discussion in the motion
16 and in our Motion to Compel and in the Defendants'
17 opposition related to this, what I will call, temporary
18 resolution of the problem where when this was first raised
19 to our attention Robins Kaplan and myself in particular
20 stated in an email to Defendants that we would not share
21 confidential or highly confidential information with the
22 Parker Rosen Law Firm until Your Honor had resolved the
23 Motion to Disqualify.

24 The Defendants said that was not sufficient. But,
25 Defendants failed to identify any rule, case law or statute

1 that required us to do more than that. As officers of the
2 Court at Robins Kaplan, we felt that that was sufficient to
3 alleviate their clients' concerns about confidential
4 information being in the hands of Parker Rosen while the
5 Motion to Disqualify was pending. Defendants said, like I
6 said, that was not sufficient.

7 Defendants then sent Skky a stipulation saying
8 that -- memorializing or reaffirming what I had said in the
9 email. Our position was a stipulation was not necessary for
10 the reasons I just mentioned, but there were other discovery
11 issues that were pending between the parties at the time.
12 So, our thought, for Skky, was to provide a stipulation that
13 resolved all of these discovery issues that were pending
14 between the parties so that the case could move forward.

15 I mean, this was early February. The case had
16 been pending for five months. No discovery really had
17 occurred from the Defendants. We attempted to resolve those
18 issues. The Defendants thought that was not the right thing
19 to do at the time. So, we said: Fine, we will agree to
20 your stipulation related only to the Parker Rosen Law Firm,
21 but we don't need to enter that stipulation until the day
22 before you are ready to produce confidential or highly
23 confidential information. There is no reason for us to
24 enter the stipulation if Defendants aren't actually going to
25 give confidential or highly confidential information.

1 Defendants said that we have now attached some
2 contingencies or concerns with that proposal, and in
3 particular Defendants raised that we had asked for them to
4 make a substantial production as part of this agreement.
5 Like I said, the Defendant -- the request has been pending
6 for over five months. Defendants should be in possession of
7 and ready to produce this information at almost a moment's
8 notice when the Court enters the Order on the Motion to
9 Disqualify.

10 However, it did not seem practical from Skky's
11 perspective to enter the stipulation with no assurances that
12 the Defendants were actually going to follow through and
13 make a production. So --

14 THE COURT: Then, okay, so in terms of this order,
15 because I just want to explore a little bit about what
16 everyone tried to do to get it resolved. This motion, this
17 particular motion was filed just before or just after that
18 disqualification?

19 MR. SCHULTZ: It was filed a day before the
20 hearing.

21 THE COURT: So, my only concern is it appears to
22 be kind of this placeholder, placeholder -- I don't like
23 placeholder motions. So, it appears from at least where I
24 sit that it is like a placeholder, and we don't really --
25 haven't really met and conferred enough, and it is not

1 really ripe to know, you know, the motion regarding
2 disqualification is -- then the order is coming out quite
3 soon, I believe, but the fact is that you didn't know when
4 that was going to happen and you still filed this motion
5 ahead of time. So, I am confused about what was happening
6 there, and when all of this discussion happened.

7 MR. SCHULTZ: So, Your Honor, the parties have
8 been discussing the various, the temporary resolution.

9 THE COURT: Yeah.

10 MR. SCHULTZ: Starting back in February.

11 THE COURT: Okay.

12 MR. SCHULTZ: And they exchanged various
13 proposals. The Defendants continued to, what we believe, to
14 maintain meritless and baseless reasons for not agreeing to
15 the proposal that we had offered.

16 THE COURT: And so apart from the proposal where
17 you sent back additional -- because I could see where that
18 might cause a problem. At some point did you say: All
19 right, we agree with you that we will not -- that we will
20 enter the stipulation and not show it to the Parker Rosen
21 attorneys?

22 MR. SCHULTZ: Correct, Your Honor. So our last
23 proposal to Defendants was, again, we will enter a
24 stipulation almost identical to the one you had proposed
25 (inaudible) whereas (inaudible) were the parties were

1 negotiating on. But, the thrust of the stipulation was the
2 same, that we would not, Skky would not provide confidential
3 or highly confidential information to the Parker Rosen Law
4 Firm until the Court had ruled on the Motion to Disqualify.

5 THE COURT: And you entered into that stipulation
6 just before they were ready to give you this document?

7 MR. SCHULTZ: Correct.

8 THE COURT: All right, go ahead.

9 MR. SCHULTZ: So, again, to sum up on this topic,
10 Skky does not believe that the Motion to Disqualify is a
11 basis to withhold responsive documents. If the Defendants
12 really were concerned about that, what they should have done
13 was move for a protective order and had brought that issue
14 to the Court's attention.

15 As for the stipulation, again, Your Honor, for the
16 temporary resolution, we don't believe that since we have
17 already given in writing from Robins Kaplan that we will
18 abide by that agreement, that should be sufficient to
19 alleviate any Defendants clients' concerns on the issue.

20 But, if the Court was looking at these to vet, the
21 proposal we would offer was the one we made to the
22 Defendants. We will enter the stipulation on the day before
23 they are ready to produce the confidential and highly
24 confidential information.

25 THE COURT: Okay.

1 MR. SCHULTZ: The next issue I want to talk about
2 is related to the definition of services. In our
3 interrogatories, and I have one set here, I don't know if it
4 is one of the various copies of the same motions that Your
5 Honor has up there on your desk, but in Manwin's Motion to
6 Compel for Manwin, which is in case number --

7 | THE COURT: I have 2086.

8 MR. SCHULTZ: 2086, yes. Docket 51, Exhibit 4,
9 which is the interrogatory to them, you will see that the
10 definition of services we define for Defendants is a defined
11 term in the rog. And it says that the services includes a
12 couple of websites that are identified by their web address.

13 And then we included language that said, and other
14 websites that may be identified either by Defendants through
15 the litigation, or in Skky's infringement contentions.

25 Now, Defendants have raised an objection and in

1 their opposition articulate that they don't know which
2 websites we are talking about. Well, it is a little bit of
3 a chicken in an egg that they are asking us to do. First,
4 it is wrong because we have actually identified some
5 websites in the definition of services.

6 Second, the Defendants are in possession of the
7 list of websites that they do own.

8 Third, to the extent that Defendants are going to
9 argue that this is publicly-available information, Skky has
10 done that. Skky has gone out, looked at the
11 publicly-available information, and attempted to identify
12 all of the websites that it can ascertain with
13 publicly-available information that are owned by each
14 Defendant. And Skky did that. Skky provided infringement
15 contentions based on the websites that they were able to
16 identify.

17 And in particular, what is interesting is in
18 response to the infringing contentions Defendants served on
19 Monday, in particular Manwin states that some of the
20 websites we identified, they don't actually own.

21 The Defendants have put us in a situation where
22 they won't tell us the websites they do own, but then when
23 we identify websites, they say: Some yes, some no. But
24 they are still refusing to produce information related to
25 all of the websites that they do own. The reason why we

1 need to know the websites, as I mentioned earlier during the
2 background of the claim, the claim talks about using a
3 website to transmit these content rich media files, like
4 images, videos, audio files to a cell phone. So, we have to
5 determine which websites the Defendants own, in order to
6 ascertain which ones are practicing the claimed method.

7 The next issue I would like -- if Your Honor has
8 no questions on that one?

9 THE COURT: No, go ahead.

10 MR. SCHULTZ: All right. The next issue I would
11 like to talk about is related simply to Vivid in their
12 response to interrogatories and requests for production.
13 Vivid has supplemented their interrogatories and -- well,
14 they supplemented their interrogatories.

15 And in their interrogatories they stated that a
16 third party, this Webquest, Incorporated, operates their
17 website. Therefore, they cannot respond to interrogatories
18 or requests for production that ask for documents related to
19 the operation of the websites.

20 We believe that Vivid is in possession, custody
21 and control of this information of Webcast (SIC), because
22 Webcast (SIC) -- or Webquest, I'm sorry. Webquest is the
23 agent of it.

24 Webquest, as far as we can ascertain right now --
25 we have just learned this information recently, provides the

1 service to Vivid to operate the websites. But Vivid
2 provides all of the content and structure of the website to
3 Webquest, and Webquest has the servers -- I mean, some of
4 this is speculation, but my understanding upon information
5 and belief is Webquest provides the servers and the other
6 infrastructure to make the website available on laptops or
7 devices or anything that can access the internet.

8 So, under this Court's decision in *Prokosch versus*
9 *Catalina Lighting*, which the cite is 193 FRD 633, this Court
10 held that when a third party is an agent of a producing
11 party, the producing party is required to provide the
12 information that the third party has.

13 This is not a situation where Webquest is a simple
14 purchaser of goods offered by Vivid. You know, this is not
15 a situation where there is a manufacturer of a hammer, and
16 then they sell it to Home Depot. And you are trying to get
17 information about sales of the hammer at Home Depot through
18 the manufacturer of the hammer.

19 This is a situation where Webquest provides a
20 service at Vivid's direction to make its websites, make
21 Vivid's websites available to the public. So, we believe
22 that Vivid should have to supplement responses with the
23 information that is located at the third party, rather than
24 the alternative which Vivid has proposed, is that we should
25 subpoena the third party for the documents.

1 THE COURT: Okay.

2 MR. SCHULTZ: And then the last one should be --
3 is the shortest one. It is the supplementation of the
4 interrogatories as to Manwin and Playboy. In our Motion to
5 Compel for each of those Defendants, we sought
6 supplementation of Interrogatories No. 1, 3, 6 and 7.

7 Defendants in their opposition said this will be
8 moot because they will supplement their responses to those
9 interrogatories prior, I imagine, to the hearing. However,
10 the Defendants only supplemented responses to
11 Interrogatories 2, 4 and 5.

12 So, again, the Defendants haven't offered any
13 reason why we can't supplement as to Interrogatories 1, 3, 6
14 and 7, and we believe that an order should be entered having
15 Manwin and Playboy supplement those responses.

16 And as I mentioned earlier, there is an issue
17 related to the RFAs. I am not going to spend any time on
18 that unless the Court has a particular question on that.

19 THE COURT: I do not.

20 MR. SCHULTZ: Thank you, Your Honor.

21 THE COURT: Thank you. All right, who's -- what
22 we will do is I will have you come up and make sure you do
23 the announcement on the record so the record is clear.

24 MR. HEVERIN: Good afternoon, Your Honor. My name
25 is Tim Heverin, and I am appearing on behalf of Dada and

1 Thumbplay, the Ringtone Defendants.

2 THE COURT: Okay.

3 MR. NEVERIN: I think it important here, and
4 counsel referred to Defendants quite often in his argument,
5 there are different -- there's different relief being
6 requested from the different Defendants. So, in large part
7 we can't group all of the Defendants together. I am just
8 speaking on behalf of the Ringtone Defendants.

9 THE COURT: Okay.

10 MR. NEVERIN: Some of my argument will apply to
11 the others, as well.

12 So, counsel raised four or five different issues.
13 The first one, as he characterized it, was Defendants'
14 refusal to produce documents pending resolution of the
15 Disqualification Motion with the confidentiality issues
16 involved in that, as well. That is the only issue that
17 affects the ringtone clients, parties.

18 The only motion that has been brought has been to
19 compel the production of documents, not interrogatories, not
20 requests for admissions, just documents. And that is the
21 only issue that applies to Dada and Thumbplay.

22 THE COURT: Can you do me a favor and raise the
23 podium a little bit? The podium -- there is a button on the
24 front -- see the little button? And that will help with the
25 audio. Thank you.

1 MR. HEVERIN: Yeah, I don't really fit anywhere.

2 THE COURT: There you go, thanks.

3 MR. HEVERIN: Does that work?

4 THE COURT: Yes.

5 MR. HEVERIN: So, Your Honor, Skky's motion is
6 premature, and it will be mooted by the resolution of the
7 confidentiality issues that were raised in the
8 Disqualification Motion. I won't reargue those. You are
9 aware of those. If you have questions, I am happy to answer
10 them.

11 THE COURT: I guess kind of the general question
12 that everyone I suppose can answer is, sort of -- number
13 one, it is sort of hard to imagine that every single
14 document is related to the disqualification piece, but even
15 if it is, what about the -- were you involved in -- was it
16 the Ringtone Defendants involved in kind of an attempt to
17 have a temporary solution?

18 MR. HEVERIN: Yes, and I am happy to answer
19 questions and walk you through that. I disagree with that
20 characterization by counsel.

21 THE COURT: I see, okay.

22 MR. HEVERIN: And to answer your first question,
23 all of the documents aren't wrapped up in the DQ, the
24 Disqualification Motion, just the confidential ones.

25 THE COURT: Yes.

1 MR. HEVERIN: We have already made a production of
2 nonconfidential documents. We do not believe that we have
3 any other nonconfidential documents. What is left is the
4 confidential documents.

5 THE COURT: Okay.

6 MR. HEVERIN: We have produced 7,000 documents,
7 again nonconfidential documents. So, if I can walk you
8 through the stipulation to the extent you can -- you care to
9 listen to it --

10 THE COURT: You know, it is one of those things I
11 am not sure it is completely dispositive, but it just drives
12 me crazy to try to -- because it seems like there should
13 have been a solution to this. So, I do want to at least
14 explore it. So, go ahead.

15 MR. HEVERIN: I agree, and I believe there should
16 have been a solution, as well.

17 So, when the confidentiality issues and the
18 disqualification issues were emerging at the same time that
19 we were finishing the ESI stipulation and getting ready for
20 these documents, and the issue became that the Defendants
21 didn't have confidentiality protection. We were just
22 essentially back door to the Protective Order. We felt like
23 we were not protected under the Protective Order from Skky's
24 business executives seeing confidential information.

25 So, the suggestion was made to have only Robins

1 Kaplan see the documents. We said: Fine, that is a good
2 suggestion. We drafted a stipulation which fits into the
3 moving papers. We included it in the briefs. And as you
4 can see, there are suggestions, as well, which was a very
5 vanilla, straightforward, you know, posturing of positions
6 taken, a stipulation, which said basically until the
7 resolution by the Court of these confidentiality issues,
8 Parker Rosen will be shielded from confidential information
9 that will go forward.

10 So, we suggested that. We sent a new stipulation,
11 gave them deposition dates for witnesses, as well, at the
12 same time. The Plaintiff then sent back, and this is in the
13 papers, again, sent back an alternative stipulation that was
14 loaded with what we thought were unfair statements and
15 unnecessary statements and requirements, and that wouldn't
16 work for us.

17 We suggested again just a plain vanilla
18 stipulation and we would go forward. We weren't delaying.
19 It was Thumbplay, one of the Ringtone Defendants, actually,
20 that made a representation that we would produce documents
21 within 14 days of entering that vanilla stipulation.

22 Skky came back again with another stipulation.
23 This time it was less loaded up than the first one, but
24 still had objectionable content on it, had additional
25 content to it; and that wouldn't work. That was the week or

1 so before the hearing on the Disqualification Motion.

2 THE COURT: Okay.

3 MR. HEVERIN: After that hearing, and this is a
4 week -- it could have been two weeks ago -- with the Motion
5 to Compel pending, that motion was filed on the eve of the
6 DQ hearing, and it really addresses the same issues as in
7 the DQ hearing, at least the motion as to us.

8 So, after that, and this is a week or two ago,
9 there was another suggestion from Robins Kaplan for a
10 stipulation. We need some procedure to, you know, enter a
11 stipulation; but, again, it was the same stipulation as
12 before.

13 So, counsel has represented that, you know, they
14 agreed to the stipulation. They also said that, of course,
15 there was additional language and it was substantially the
16 same. The fact is it wasn't the same. The stipulations are
17 in the moving papers. You can see those, Your Honor.

18 You know, at the same time, what was going on --
19 we are not here on a Defendant's Motion to Compel. We had a
20 meet and confer with Plaintiff because other than some basic
21 patent documents, Skky hasn't produced documents in this
22 case. And we didn't think it was proper to bring a motion
23 to compel on it.

24 They have agreed to produce documents in the near
25 future. And we think they will. And when they do, you

1 know, we will see. And if it is sufficient, then we will go
2 from there. If it is insufficient, we will try to work it
3 out.

4 The second attempt at a stipulation, part of it
5 was that we would do a stipulation and we would work on them
6 with this idea of timing, the idea that it had to be filed a
7 day before we produced documents, we think that is a little
8 bit unnecessary and we don't understand the reasoning for
9 it. But, that is okay, we can do that.

10 What the agreement was, what we suggested is we
11 just put in the vanilla stipulation, and then the parties
12 could do a mutual exchange on a mutually acceptable date.
13 We could work out a date and we'd go forward. And we asked
14 them to withdraw the Motion to Compel because there is no
15 impasse here, Your Honor. They refused to do it. And so,
16 we are here before you today.

17 Can I answer -- you know, I don't know if I was
18 clear on the stipulations. Can I answer anything else about
19 those stipulations?

20 THE COURT: No, that is good.

21 MR. NEVERIN: I think, in sum, we want the vanilla
22 stipulation. We think that their stipulations were loaded
23 up, inappropriately.

24 So, despite the only impasse here being as to
25 confidentiality, despite all of the parties knowing that

1 this would be resolved with the resolution of the
2 Disqualification Motion, even given that we tried, but we
3 couldn't get a stipulation on file to move forward, Skky
4 brought the motion, brought the motion on the eve of the
5 disqualification hearing, we think in part to bolster their
6 argument in the disqualification hearing. But, there is no
7 new issue brought by the Motion to Compel against us that
8 hasn't been covered in the disqualification and the
9 confidentiality -- the Disqualification Motion that
10 discusses the confidential issues.

11 I want to make it very clear, the Ringtone
12 Defendants were not refusing to produce documents, and we
13 will do it as soon as confidentiality protection is
14 restored. But, I want to make one more point, which is that
15 we have objections to their document requests. We think
16 they are wildly broad. We think they are fishing for
17 documents that aren't even close to being relevant, and we
18 will make our production subject to our objections. We
19 don't think it will be an issue.

20 To the extent that they disagree with that and
21 they think the production is insufficient, then at that
22 point we can go through and they can say: You didn't
23 produce this type of document, and we can have a meet and
24 confer. But, that hasn't happened to date, and that isn't
25 addressed in their Motion to Compel.

1 So, because the resolution of the confidentiality
2 issue moots the Motion to Compel as to Ringtone Defendants,
3 we would ask Your Honor to deny the motion as moot.

4 THE COURT: All right, thank you.

5 MR. HEVERIN: Thank you.

6 THE COURT: On behalf of -- are we going to have
7 one speaker or two on behalf of the other? Two?

8 MS. BENTZ: Your Honor, I will address the
9 discovery issues. My partner Frank Gasparo is going to
10 address the NPE and the protective issues.

11 THE COURT: Okay, come on up to the podium on
12 discovery, then. And go ahead and make your appearance
13 again.

14 MS. BENTZ: I am not quite as tall as Mr. Heverin,
15 so I am going to lower this. And I apologize, I am
16 suffering from a bit of a scratchy voice.

17 THE COURT: All right.

18 MS. BENTZ: So hopefully it holds out.

19 THE COURT: As long as you just stay over there we
20 are going to do fine.

21 MR. BENTZ: That's right. So, I am Tamany Vinson
22 Bentz. I'm counsel for Manwin, Playboy and Vivid in this
23 action. There's a bit of a housekeeping matter for Your
24 Honor, and I think for Plaintiffs, as well, that Manwin has
25 gone through a corporate renaming. It is now a company

1 called MindGeek. So, to the extent Mr. Gasparo or I refer
2 to Manwin as MindGeek, it is in fact the same company.

3 So, as Mr. Heverin pointed out, Plaintiff's Motion
4 to Compel is a little bit different with respect to my
5 clients, in that we have addressed interrogatories and RFAs.
6 If Your Honor has any questions about the RFAs, I am happy
7 to answer those. But, I won't run through our arguments
8 since Mr. Schultz did not run through their arguments.

9 | THE COURT: Fine.

10 MS. BENTZ: But I think it is laid out nicely in
11 the papers.

12 THE COURT: I agree.

13 MR. BENTZ: So, as for the interrogatories, for
14 Vivid and Playboy and Manwin, they are in a little bit of a
15 different situation with respect to the interrogatories, so
16 I will take Vivid first.

17 We spoke with Mr. Schultz before they filed their
18 Motion to Compel, told him that it had supplemental
19 interrogatories drafted, that we were getting ready to serve
20 those as soon as the client had signed off on them.

21 We in fact did that. Service of the supplemental
22 interrogatories was done, I believe, 3 or 4 days after they
23 filed their Motion to Compel. We supplemented all of the
24 interrogatories, not just the ones at issue in their motion.

25 | Vivid provided all of the information that it had

1 in its possession, custody or control, pointed out some
2 additional witnesses that were in Vivid's control that were
3 responsive to the interrogatories, and then also pointed out
4 that additional information on these topics could be found
5 with our vendor, who is Webquest.

6 Since briefing the motion, Plaintiff has, in
7 response to the supplemental interrogatories, has raised the
8 issue that Vivid is somehow obligated to produce information
9 or documents on behalf of Webquest. This is not an issue
10 that has been briefed before Your Honor. So, to the extent
11 it is news to you, it probably truly is news to you. It was
12 not in the motion papers.

13 But, very briefly --

14 THE COURT: I feel bad, we usually have water, but
15 I had another hearing in front of this and we just didn't
16 get the --

17 MR. BENTZ: That's okay. So, as I said, Webquest
18 is actually a vendor of Vivid's, separate company. There is
19 no corporate relationship between the two. They have an
20 arm's length contractual relationship regarding the
21 operation of the websites.

22 Vivid actually has no legal claim to information
23 or documents from Webquest, or any ability to force Webquest
24 to provide it, information, other than actually the
25 information that it has provided through its supplemental

1 interrogatory requests, or agreed that it would produce
2 confidentially once the Motion to Disqualify is resolved.

3 So, actually, from Vivid's perspective, to the
4 extent they have access to the information or have the right
5 to get it from Webquest, they are willing to provide that.
6 But, there is information that Webquest is going to have
7 that Vivid has no control over.

8 Whether Vivid actually has control over Webquest
9 is a contested issue in this case and an issue of liability
10 for Vivid. So, part of Plaintiff's claims rely on joint
11 infringement or induced infringement, which is going to
12 require that Vivid have some level of control over Webquest
13 in order for them to be liable.

14 So, it is not as easy as Mr. Schultz stands up and
15 says: Vivid has control of Webquest. That is actually a
16 contested issue on a question that needs to be proved in
17 this case.

18 For purposes of discovery, though, they have no
19 ability to -- you know, let's verify the veracity of
20 information that they get from Webquest, because it is a
21 true third party. So, from an evidentiary and a discovery
22 perspective, the best practice would be to serve a subpoena
23 on Webquest and get the information directly from them. And
24 we provided contact information for Webquest in the initial
25 disclosures.

1 To the extent Plaintiff needs more or needs some
2 additional information on how to do that, we are happy to
3 provide that information.

4 Okay. Does Your Honor have any questions about
5 that --

6 THE COURT: I do not.

7 MR. BENTZ: -- issue?

8 All right. So, back to the interrogatories for
9 MindGeek and for Playboy. One primary issue in all of the
10 interrogatories that they've moved on, which is 1, 3, 6 and
11 7, is that they rely on this term "services" and Mr. Schultz
12 touched on this.

13 The way services is defined, it includes this term
14 websites which Plaintiff also defined. Plaintiff defined
15 websites as anything with a top level domain. Every single
16 thing you can see on the internet has a top level domain.
17 The Court's website has a top level domain. Venable's
18 website has a top level domain.

19 THE CLERK: Thank you, madam clerk, you heard from
20 afar.

21 MR. BENTZ: Thank you, Yes. So, websites is
22 anything on the internet.

23 When you are looking at -- we define services as
24 basically anything on the internet, now. MindGeek is an
25 international tech company. It operates websites for third

1 parties, it operates its own websites. When you define it
2 that broadly, asking them to create a list of websites, when
3 you define it that way is a burdensome task.

4 You are talking about many, many, many, many
5 websites, some of which may have no relevance whatsoever to
6 their actual patent claims or to the activities that are
7 alleged to have infringed.

8 We asked them through meet and confers to work to
9 narrow that, and so far they have not. So, MindGeek is in
10 somewhat of an impossible position of, you know, you are
11 asking us to basically put in an interrogatory on an entire
12 business. One, that's burdensome. Two, if we are going to
13 do that, we would like to make sure we do it after the
14 disqualification motion is decided.

15 THE COURT: Is the scope issue -- you know, is it
16 temporal? Is it subject matter? Is it -- I am not even
17 sure what to ask. But, how would you narrow it?

18 MR. BENTZ: So, as I understand their patent and
19 their claims, it deals with the transmission of images or
20 video or audio. So, one way to do it is to tie it to your
21 patent claims and talk about websites that actually do that.
22 Then, at least, maybe we are not taking -- let's say
23 MindGeek has an internal website that can only be accessed
24 by employees. Venable has one. It's called Intersect.
25 Let's say MindGeek has a version of Intersect. Is that

1 website-related issue in their case? My read of their
2 patents is no. Maybe their read is yes, and we need to have
3 that conversation.

4 But, as long as it is this broad definition of
5 websites and services, it becomes rather impossible for
6 MindGeek to respond to it in terms of an interrogatory.

7 THE COURT: Okay. Is that the same as to Playboy
8 or is that strictly as to MindGeek.

9 MR. BENTZ: Playboy is somewhat tied to MindGeek
10 because MindGeek operates Playboy's websites. So, for
11 Playboy to respond, it has to get the information from
12 MindGeek.

13 THE COURT: Okay.

14 MR. BENTZ: Your Honor, that is all that I had to
15 address in the interrogatories. Does Your Honor have any
16 other questions on that?

17 THE COURT: No.

18 MR. BENTZ: Okay. I think Mr. Gasparo will
19 address the NPE issue --

20 THE COURT: Quebec?

21 MR. BENTZ: Quebec, yes.

22 THE COURT: Come on up.

23 MR. GASPARO: Good afternoon, Your Honor. I am
24 Frank Gasparo, and I represent Vivid, MindGeek and Playboy.
25 As Your Honor knows, Playboy and MindGeek filed a Motion for

1 Protective Order. Playboy and MindGeek are two distinct
2 companies.

3 Playboy is located in California. And as Ms.
4 Benz explained, the reason that Playboy is implicated is
5 because Manwin operates accused Playboy websites.

6 MindGeek's Canadian entity does business under the
7 name of MindGeek, Canada. And they are located in Quebec.
8 MindGeek, Canada develops and operates various MindGeek
9 websites, as well as Playboy websites, and other websites
10 for unrelated parties.

11 It is a successful, cutting-edge technology
12 company which has recently been burdened by U.S.
13 non-practicing entity patent litigation. They currently
14 have three unrelated -- I will refer to them as NPE
15 litigations. And because of that, they sought this Canadian
16 Quebec judgment, just to give you some context, Your Honor,
17 as to why they did it.

18 So, we are here today because MindGeek obtained
19 that judgment from a Quebec Court. And MindGeek is bound by
20 that judgment.

21 I thought I would just very, very briefly -- I
22 know it is in the papers -- go through just some of the
23 language in the judgment. But, the judgment expressly
24 prohibits MindGeek from producing documents to Skky from
25 Quebec, and I quote, "that relate to any business concern in

1 Quebec," closed quote.

2 The judgment is grounded in statutory authority,
3 namely the Quebec Business Concerns Records Act that
4 prohibits the removal from Quebec of any, quote, "document
5 or resume or digest of any document relating to any concern.
6 The Defendants face penal sanctions if they violate its
7 judgment.

8 As Your Honor knows, there is a long history of
9 U.S. Courts recognizing Canadian judgments under the
10 principles of comity. Also, this District has recognized
11 foreign judgments, and we cite those cases in our moving
12 papers.

13 THE COURT: Does this relate much to discovery,
14 though? I think that is the thing that I am struggling with
15 a little bit. I certainly understand if there is a final
16 judgment on something, but --

17 MR. GASPARO: You know, I haven't memorized all of
18 the cases. My understanding is there were, but I can't
19 stand here right now and tell you the facts of the
20 particular cases, unfortunately.

21 THE COURT: Okay.

22 MR. GASPARO: Skky devotes much of its opposition
23 on the argument that there shouldn't be comity.

24 And just this week, Your Honor, coincidentally,
25 Judge Kessler of the District Court of the District of

1 Columbia denied a motion to compel on the same two cases
2 heavily relied on by Skky in its opposition.

3 And those two cases are the Supreme Court decision
4 in *Societe Nationale*, and the *Lyons* case which came out of
5 the District of South Carolina. We actually have, Your
6 Honor, copies of the decision, if you would like it. And I
7 have the cite of the case, or the docket number of the case
8 that I can read into the record. Would you prefer either or
9 neither?

10 THE COURT: What do you mean recite the docket?
11 The docket number?

12 MR. GASPARO: Well, I have the case name and I can
13 give you the --

14 THE COURT: Oh, yeah, please do.

15 MR. GASPARO: So the case is *Reuven, R-e-u-v-e-n,*
16 *Gilmore versus the Palestinian Interim Self-Government*
17 *Authority*, Docket No. 01-CV-00853, and it is actually
18 document number 365.

19 THE COURT: Okay.

20 MR. GASPARO: And Judge Kessler actually found
21 that although the Defendant was not a, quote, unquote,
22 state, principles of comity still applied. His opinion
23 quotes the Supreme Court in *Societe Nationale*. And I would
24 like to read that quote from the Supreme Court.

25 Quote, "American courts should therefore take care

1 to demonstrate due respect for any special problem
2 confronted by a foreign litigant on account of his
3 nationality or the location of its operations. And for any
4 sovereign interests expressed by a foreign state. We do not
5 articulate specific rules to guide this delicate task of
6 adjudication." Closed quote. And that is the Supreme Court
7 speaking.

8 Your Honor, we are actually joined today by Mr.
9 Patrick Ferland. He is sitting in the audience, Mr. Ferland
10 is a distinguished member of the Quebec Bar. He submitted a
11 Declaration in our moving papers.

12 He is also the Quebec attorney who procured the
13 judgment. And I mean, he is available, Your Honor, for any
14 questions that you may have. We thought out of caution we
15 would bring him along. So, he is here.

16 Upon receiving the judgment, we promptly notified
17 the Court and opposing counsel. And contrary to what Skky
18 is not even implying, expressly stated, we are not trying to
19 block all discovery here. We are -- despite this judgment,
20 since early January, while Playboy and MindGeek have
21 repeatedly tried to cooperate with Skky to work around this
22 judgment, and in five significant ways that I would like to
23 sort of go through.

24 The first way, the first workaround that we have
25 proposed, Playboy and MindGeek both have offered numerous

1 deposition dates in Quebec during the month of February.

2 Skky ignored those offers. Had Skky taken those depositions
3 and signed the neutral stipulation that Mr. Heverin referred
4 to, it would have obtained by now technical information that
5 we believe they are very much seeking. I think, tellingly,
6 Skky has also failed to provide any alternative dates for
7 any of the depositions that we offered. As such, no
8 depositions have taken place to date, nor any even
9 scheduled.

10 The second, what I will call, workaround
11 alternative means of discovery, as Ms. Bentz explained,
12 Playboy and MindGeek have -- we have meaningfully
13 supplemented our interrogatory responses with
14 nonconfidential information because of the pending DQ issue.

15 For instance, on March 13th, Playboy and MindGeek
16 have supplemented interrogatory responses to identify
17 additional individuals with knowledge about specific subject
18 matter. We are designating and identifying people that have
19 answers and, you know, not some straw person.

20 The third workaround, we have produced all
21 currently known nonconfidential documents, which is
22 approximately 7,000 pages of documents, which is also
23 approximately double Skky's production. And once, Your
24 Honor, this DQ issue is resolved, we can then begin
25 producing confidential documents -- well, Playboy

1 confidential documents and MindGeek confidential documents
2 that are not located in Quebec.

3 Regarding Skky's doc request, I think Your Honor
4 will remember that on January 13th, during a telephone
5 conference call about the judgment, Your Honor asked, I
6 believe, to see if the parties could -- let me rephrase.
7 See if Skky could narrow and clarify its document request so
8 that we can truly determine what the implication is of the
9 judgment.

10 We had some meet and confers and they have been
11 unsuccessful. Skky has refused to narrow and clarify. They
12 sent us some reworded document requests which were just as
13 broad and ambiguous as the first ones. They were of no help
14 and we've walked through those with them.

15 And so, to answer -- we still do not have an
16 answer to Your Honor's question of the implication. But, I
17 think that we have recently sort of got a little bit of a --
18 a little bit of an insight into that, which I will explain
19 in a moment.

20 The fourth workaround, Skky has been informed more
21 than once that third parties should have much of the
22 technical information that they are seeking. Skky seems to
23 clearly acknowledge this as highlighted throughout their
24 infringement contentions to both MindGeek and Playboy, that
25 we recently received.

1 Specifically, Skky's infringement theory for both
2 Playboy and MindGeek is a string of third party technology,
3 starting with a third-party compression algorithm, and
4 moving over to third-party servers that store information,
5 moving over to third-parties cellular carriers, they
6 identify Verizon. Then going over to end users. And for
7 certain accused websites, they even refer to content that is
8 created by -- just into the consumers.

9 So, that leads me to believe, Your Honor, that
10 whatever implication this judgment has on technical
11 discovery seems to have gotten a whole lot less because of
12 what appears to be some very, very relevant third-party
13 information that they are going to need to prove their case.

14 And lastly, the workaround, as we have been, you
15 know, we have been meaningfully supplementing our initial
16 disclosures, we have done it not once, not twice, but three
17 times for both Playboy and Manwin.

18 I mean the thrust of Skky's argument is that these
19 workarounds are just not -- just inadequate. In query, Your
20 Honor, how would they know that if they haven't taken a
21 single deposition, they haven't received a single
22 confidential document which is forthcoming that is not
23 located in Quebec, nor have they subpoenaed a single third
24 party that they, themselves, identify in their infringement
25 contentions.

10 So, Your Honor, we respectfully ask your Court to
11 please recognize the Canadian, the Quebec judgment, and to
12 allow the parties to proceed in a way that is fair to both
13 sides and works around that judgment.

14 THE COURT: I guess one kind of just general -- I
15 guess it would almost be a policy question. That is, it is
16 somewhat hard for me to believe that an entity like Playboy
17 could -- as long as it is attached to a company, let's say,
18 in Canada or another foreign judicial system where that
19 company could get ordered, that Playboy could, you know,
20 basically not be obligated to follow the U.S. Court system
21 discovery process; that seems to me like that is just too
22 easy of a way to just never have to do discovery. You just
23 always attach yourself to someone in some other foreign
24 country where you can get some sort of order like that and
25 then you can just wave your hand and say, well, you can't

1 get that order. So tell me about that, kind of as a policy.

2 MR. GASPARO: I think that is an excellent policy
3 point. Playboy is headquartered in California. They have
4 an office. They have people moving around. They conduct
5 business from California. They have many relationships for
6 all sorts of things ranging from consumer goods to, you
7 know, to websites.

8 And so, MindGeek is only one of many, many, many
9 third-party relationships. Actually, Playboy's, now,
10 business model is licensing. So they have reduced their
11 hard assets. So, they have got many, many relationships and
12 MindGeek is just part of that new business model that was
13 launched about two, three years ago.

14 There is at least one person that I am aware of in
15 L.A. that can be deposed, which doesn't fall within the
16 scope of the Quebec judgment.

17 We will produce any and all confidential documents
18 out of Playboy, L.A., and I anticipate there will be some
19 once the DQ issue is resolved. So, by no means did Playboy
20 hide behind, you know, a Quebec company anticipating
21 something like this. Your Honor is not implying that. But,
22 you know, there is a brick and mortar operation in
23 California. There is discovery to be had from Playboy out
24 in California, and we are just not sure how much of what
25 MindGeek does for Playboy in Quebec is implicated here at

1 this point.

2 THE COURT: Okay. And then I also -- I may have
3 asked this on -- I vaguely remember asking this on the
4 phone, but I notice that your order said that the
5 Defendant -- or proposed order, that Defendant shall not be
6 compelled to produce or provide for inspection. So, I have
7 a big question about that, "provide for inspection."

8 Why can't they go there? Does the order preclude
9 it? And while I welcome and certainly respect your
10 colleague from Quebec that is here, I don't think I can
11 actually have him come up and talk, because he is not -- you
12 know, what is the word I want?

13 THE COURT: Yes, thank you very much. I have a
14 question about that. Why can't they just go there?

15 MR. GASPARO: I am not a Canadian lawyer. And so,
16 I am a bit limited on this. But, my understanding --

17 ALL COUNSEL: Because he is here?

18 THE COURT: Yes, thank you very much. But, I have
19 a question about that. Why can't they just go there?

20 MR. GASPARO: I am not a Canadian lawyer, so I am
21 a bit limited on this. But, my understanding --

22 THE COURT: And what I will allow you to do, by
23 the way, is talk to him to get the information after, so you
24 can -- because that -- not that they want that as the
25 solution, I am not suggesting that. But that I have this

1 big question mark there on your proposed order, because I
2 didn't understand why it couldn't be provided for
3 inspection.

4 MR. GASPARO: That would be wonderful. If I could
5 take a moment to actually confer with him?

6 THE COURT: Sure.

7 MR. GASPARO: But, regardless of the answer, we
8 remain open. Any proposals that Your Honor has, or Skky --
9 and Skky hasn't presented one. We will listen to them.

10 I mean, what we are trying to do here is we are
11 trying to recognize the judgment and still give Skky what
12 they need to try to develop their case. So, we are open.
13 We are open to work around as long as we at least walk the
14 line. And so, if I could just shelf that question for a
15 moment?

16 THE COURT: You may.

17 MR. GASPARO: Great. Thank you, Your Honor.

18 THE COURT: All right? Good. And what I will do
19 is I will take an opportunity to hear from the other side
20 first and then we will take just a brief few minutes and you
21 guys can talk and then I will take your answer.

22 Okay. Mr. Schultz on behalf of Skky?

23 I would suggest to Mr. Heverin that maybe if he
24 doesn't take back his water bottle, that that was very nice
25 of you to supply it. But, now we have water for anybody in

1 here. All right, go ahead.

2 MR. SCHULTZ: I might address the Protective Order
3 first since that was the most recent thing raised. Your
4 Honor, the issue that Defendants are raising with this
5 Motion For Protective Order is this issue of comity. This
6 is, as counsel has recognized, an important issue.

7 What is woefully deficient in their motion is any
8 analysis under what the rules of comity actually are. And
9 in fact, the cases cited by Defendants identify the analysis
10 that must occur in order to determine if comity should
11 apply.

12 And there are two issues. First is an issue of
13 comity related to the Quebec statute. The second issue is
14 related to the Canadian judgment. It is unclear to me right
15 now which one they are moving under, if it is just the order
16 or the statute or both. Since the order relies on the
17 statute, I am willing to address that, as well.

18 As to the Quebec statute being entitled to the
19 comity analysis, it should be first noted that it is a
20 Blocking Statute. What it is designed to do is prevent
21 discovery in foreign or even inter-Providence litigation.
22 Courts have analyzed this statute and they have found that
23 comity doesn't apply because it is not a law of the nation.

24 So, when the Supreme Court talks about a sovereign
25 state in the *Societe National* case, they are talking about

1 laws of the nation. In other words, they are talking about
2 laws of Canada. They are not talking about laws of the
3 states, or providence like Quebec. The reverse would be the
4 law from the state of Minnesota isn't necessarily entitled
5 to comity in Canada because it is the law of the state, not
6 the law of the United States. So, on that ground, alone,
7 the statute has provided no comity analysis, and no
8 deference, and should be rejected right there.

9 In particular, the Supreme Court in *Societe*
10 *Nationale* in a footnote: No, it said, there should be no
11 deference to Blocking Statutes. The Supreme Court in
12 Footnote 29 indicates that Blocking Statutes frustrate the
13 goal and need not be given the same deference by Courts of
14 the United States if substantive rules of law are at
15 variance with the laws of the United States.

16 Defendants provide no distinction or make no
17 attempt to collect -- to distinguish the rationale and
18 statements in the controlling authority from the Supreme
19 Court on this issue. We also note in our opposition that
20 the Supreme Court of Canada has addressed this Quebec
21 statute and has found it unconstitutional in regards to
22 discovery in inter-providence litigation. And as we provide
23 in the motion, the Supreme Court of Canada provides heavy
24 question to even the constitutionality in general to the
25 statute. They didn't reach the issue, but there was

1 significant language in there that we cite in our brief that
2 demonstrates that this is nothing more than a frustrated
3 litigation.

4 Defendants again failed to address that. And I
5 will make note that the cases relied on from Canada cited,
6 you know, as exhibits to their Canadian lawyer are all "pre"
7 the Supreme Court of Canada case that we cite in our
8 opposition. So, to the extent those cases are controlling
9 at all, I question whether or not they have any precedent or
10 weight, given that the Supreme Court of Canada appears to
11 have overruled them.

12 Nevertheless, there are four -- there are five
13 factors that Defendants would have to analyze in order to
14 show that comity to the statute is applicable. The first
15 one is the importance to the litigation the documents or
16 other information requested. These documents are highly
17 relevant. They are the technical documents of how the
18 websites operate, which is, it goes to the heart of the
19 claimed method. I should note, Defendants have no analysis
20 to these factors in their motion. They just say, comity
21 applies, please find for us.

22 The second element is the degree of specificity of
23 their request. We believe that our requests are specific
24 enough to identify documents related to the creation of the
25 content, the storage of the content, the accessibility or

1 transmission of the content. And again, Defendants have not
2 challenged that. Defendants rather just make conclusory
3 statements that they are just overbroad, without telling us
4 where, which ones, and why.

5 The third factor, whether the information
6 originated in the United States. We have no facts to
7 suggest one way or the other. It would seem to suggest that
8 Playboy being a brick and mortar company in California
9 likely provided some of the information that went to
10 MindGeek or Manwin up in Canada.

11 However, Playboy and Manwin, USA, are USA
12 companies, so we would think there is at least a strong
13 inference that some of the information originated here.

14 The fourth element is the availability of
15 alternative means for securing information.

16 THE COURT: So, why not do the depos and find out
17 if there is an alternative?

18 MR. SCHULTZ: Excellent question, Your Honor.

19 The proposal that Defendants have offered is that
20 we can take depositions of people based solely on their
21 personal knowledge. Moreover, we cannot ask questions that
22 would reveal the content of information that is found in
23 business records.

24 The proposal that Defendants are offering is not
25 workable. It would be impossible for Skky to ask a question

1 that was solely on the person's personal knowledge. That
2 also doesn't reveal information that is found in a business
3 record.

4 For example, if I ask somebody: Tell me where
5 file X, Y, Z is located. Where is it stored in memory? The
6 deponent likely can't answer that because that information
7 will be listed somewhere on a business record.

8 Skky will be almost completely hand-tied by the
9 alternatives that the Defendants have posed. Moreover, we
10 are only limited to their personal knowledge. The damages
11 period for this patent extends back to 2009. And MindGeek
12 and Playboy -- or I mean, especially with MindGeek, they say
13 they operate hundreds -- lots of websites. They would be
14 requesting that we would have to take, out of countless
15 depositions to find the person who has personal knowledge of
16 a particular website for the entire period that we needed to
17 conduct the discovery. That is contrary to Federal Rule of
18 Civil Procedure one, just inexpensive and speedy resolution
19 of the trial.

20 The alternative as to the deposition just is not a
21 workable -- is not a solution for the problem, to the extent
22 there is a problem there.

23 And now I will discuss -- there are a few other
24 factors that counsel didn't raise about their proposed
25 workaround that provides some issues. I just want to make a

1 note for them, for the last issue, to the extent there is
2 noncompliance with the request would undermine important
3 interests in the United States. Skky has been issued a U.S.
4 Patent. It has intellectual property rights here in the
5 United States it is attempting to enforce. By allowing the
6 Blocking Statute to stay in and prevent Skky from conducting
7 discovery on highly relevant information will severely
8 hinder Skky's ability to enforce its intellectual property
9 rights here in the U.S..

10 Now, the issue whether or not there is comity to
11 the judgment --

12 THE COURT: And when we say judgment, in our
13 courts it would probably be called an order, so everyone is
14 clear about that. Go ahead.

15 MR. SCHULTZ: Right, order. I can use order, that
16 is fine.

17 THE COURT: Well, it is entitled judgment, I
18 believe on there; but, okay, go ahead.

19 MR. SCHULTZ: So, as to the judgment, again, the
20 Supreme Court has addressed this issue of comity and
21 judgments from foreign jurisdictions on numerous occasions
22 going all the way back to the early days of the Supreme
23 Court.

24 However, the Supreme Court has said in *Hilton -v-*
25 *Guyot*, 159 US 113, pages 202 to 203, "The extension of

1 comity to a foreign judgment is neither a matter of absolute
2 obligation on the one hand, nor a mere courtesy and goodwill
3 upon the other."

4 In other words, it is not just because a judgment
5 has been obtained that therefore you have to apply comity
6 and abide by that judgment. Rather, the *Hilton*, again, case
7 cited by the Defendants in their motion where they provide
8 no analysis sets forth four principles for the Court to
9 consider when deciding whether or not a judgment should be
10 obtained, a foreign judgment should be given comity here in
11 the U.S..

12 The first element is an opportunity for a full and
13 fair trial abroad before a court of competent jurisdiction.
14 That didn't even occur, here. The Defendants didn't even
15 tell Skky that they were attempting to get an order from the
16 Canadian Court. I mean, the facts are according to the
17 motion, we have a meet and confer on December 18th. No
18 mention by Manwin's counsel that they are attempting to seek
19 this order in Canada, or that the Canadian statute is an
20 issue.

21 Rather, December 19th, they go out and file an ex
22 parte application for the order and provide that to Skky two
23 weeks later. There was not an opportunity -- there was no
24 full and fair trial for Skky and Manwin to resolve the
25 issue.

7 And the last element is under a system of
8 jurisprudence likely to secure an impartial administration
9 of justice between citizens of its own country and those of
10 ours. And again, it was an *ex parte* application to which
11 Skky had no knowledge of and they obtained a judgment. None
12 of the factors they are required to analyze under *Hilton*,
13 the U.S. Supreme Court case on comity to final judgments
14 suggests that comity should be applied here to this
15 judgment.

I will note that the cases cited by the Defendants in the long string cite don't involve this situation. Not a single case involved the Protective Order in the Quebec Business Concerns Record Act. None of those cases are on point. What those cases stand for is the general proposition of comity as related to foreign judgments is that you don't get this res judicata. If the issue has been decided by a foreign court, you don't get to come into the U.S. and relitigate the issue. That is the purpose and principles behind what comity arises for. That is not the

1 case here.

2 Skky was not a party to that, that proceeding. It
3 didn't resolve the issues. It talks in general terms of
4 technical documents. There is no descriptiveness, there is
5 no specificity within it to say there is res judicata now
6 here on the issue because of the foreign -- because of the
7 Canadian judgment.

8 Now, I want to get to the last issue, which is the
9 workaround. Now, counsel for Manwin and Playboy mentioned a
10 few things that he described as a workaround, but are not
11 workarounds. And I will just take them in the order that I
12 have them in my notes, here.

13 First, the depo dates in February. Skky attempted
14 to obtain deposition dates prior to its infringement
15 contentions in the hopes that at the same time we would
16 receive documents. Both efforts were frustrated. And in
17 fact, during the conversations that I was having with
18 counsel regarding the scheduling of these depositions which
19 we noted originally in December for sometime in January,
20 knowing that there is always scheduling between counsel and
21 the witness and it takes a little time to get on there and
22 get a date that works for everyone, Skky told Defendants now
23 and Playboy here, since they are at issue, that dates the
24 week of February 17th, the week before our infringement
25 contentions were due, were not acceptable. It would not

1 give us sufficient time to process the information and learn
2 in the deposition, just to provide that information in our
3 infringement contentions. So, we needed dates prior to
4 that.

5 Defendants refused. The dates that they finally
6 provided after a month of prodding were February 18th and
7 19th. Those dates were not going to work for that.
8 Notwithstanding that the Canadian issue had really not been
9 fully vetted at the time, so I am not even sure how the fact
10 that we could have taken depos in February is a workaround
11 of the current problem before the Court.

12 Next they say that they have supplemented their
13 interrogatories of people. Again, as I mentioned before, if
14 the depositions are limited in such a nature as they are
15 proposing in their motion, that I can only ask questions
16 related to their personal knowledge, that also can be
17 information that is found in a business record, that the
18 deposition is almost worthless. I will not be able to
19 obtain -- Skky will not be able to obtain hardly any
20 relevant information that it needs.

21 Again, Defendants continue to cite that they
22 produced all nonconfidential documents. I am not going to
23 belabor the point, but that is misleading. Defendants have
24 produced prior art that they are going to rely on to attempt
25 to invalidate the patent. They have not produced a single

1 nonconfidential document from the Defendants. All it is is
2 prior art that is in the public. Skky's request did not ask
3 for their prior art. We anticipate that they were going to
4 give their prior art in their initial disclosures, because
5 they are going to rely on it at trial in their Rule 26.

6 So, the continued statement that they have
7 produced nonconfidential information to the Defendants is
8 misleading. But again, not a workaround. Again, it is not
9 clear to me why that is a proposed workaround. The other is
10 a narrow -- they asked us to narrow our request to see if
11 there is a way to clarify what we are seeking.

12 The Defendants have never told us which requests
13 are too broad. We had a meet and confer, we talked about
14 the time frame. We narrowed the time frame. Outside of
15 that, the Defendants have not identified which parts of our
16 particular request are overly broad. Again, not a
17 workaround for the solution to the problem that we have
18 here.

19 Now, the issue of third-party documents. The
20 Quebec order states that if you transmit the document
21 outside of Quebec in the ordinary course of business, it's
22 not protected by the statute.

23 So, if there are third-party documents or third
24 parties that have these documents that are not in Quebec,
25 the protection doesn't apply and they should produce those

1 documents.

2 Nevertheless, it is not a workaround because we
3 don't know where those third parties are located. If they
4 are all in Quebec, we have the same issue. It is not a
5 workaround, it is just another layered problem.

6 Defendants again suggested as a workaround that
7 they supplemented their initial disclosures. Their initial
8 disclosures identified one person from the Defendants. The
9 rest of the people identified are all Skky individuals.
10 They are the inventors. They are shareholders or board
11 members. They are the Parker Rosen Law Firm. The
12 Defendants have only identified one individual in their
13 initial disclosures from their company. Again, I don't know
14 how that is a workaround of the Quebec issue, but Defendants
15 have raised it, so I at least wanted to address it.

16 Now Defendants have argued that we have had 3
17 months since the Quebec judgment was given to us and Skky
18 has not gone to appeal it or revoke it. Skky didn't do it
19 because it doesn't feel it is necessary. The Court to
20 decide whether or not the Quebec issue has any relevance to
21 this litigation is this Court. That is why we continually
22 requested that the Defendants file this Motion for a
23 Protective Order, which they finally did 3 months later.

24 And they indicated in their letter originally to
25 the Court that they should file. This Court is the one that

1 should decide whether or not this Quebec judgment is
2 entitled to any deference, which it is not.

3 THE COURT: Okay, let's wrap up soon.

4 MR. SCHULTZ: Okay, I just want to -- just a
5 couple other things on the depositions, too, Your Honor.
6 Because of this Order that Defendants are seeking requires
7 it only to be personal knowledge basically eliminates the
8 ability of Skky to take a 30(b) (6) deposition, because they
9 can't educate the designee under 30(b) (6) with other
10 information, because it is only limited to their personal
11 information. And to be clear, we noticed those 30(b) (6)
12 depositions in January and February. So, to the extent that
13 they are arguing that was a workaround, or our failure to
14 not workaround it because we didn't take that deposition,
15 that deposition couldn't occur.

16 And then, lastly, I wanted to -- give me one
17 minute, Your Honor, I just wanted to make sure.

18 THE COURT: Sure.

19 MR. SCHULTZ: I just want to make this point to
20 wrap up, here. Now, there is the Defendants' issue of the
21 documents that we could get through the workaround, they
22 said the depositions and then the third-party documents.
23 But, what they are not -- what is not available to Skky are
24 technical documents located solely in Quebec, the source
25 code, and -- well, those are the two big ones.

1 First, we don't know what technical documents they
2 are referring to. They continue to just say technical
3 documents. They provide no specificity as to what exactly
4 those type of documents are that could be implicated.
5 Second, they offered no workaround for those documents,
6 which is the bulk of the documents. These are what Skky --
7 is highly relevant to Skky's case.

8 And as to source code, I want to make the Court
9 aware that in one of the litigations that Manwin is facing
10 down in the Eastern District of Texas against *ExitExchange*,
11 which involves patents related to pop-up advertisements on
12 websites, so it is all about websites, transmission of
13 websites, items from websites. Similar technology.

14 And in that case, Manwin has agreed to make its
15 source code available at its local office in the Eastern
16 District of Texas. But yet they come here in this Court and
17 say the source code is only in Quebec and is not available
18 under the Quebec statute. That inconsistency is a
19 demonstration of the fact that this motion is baseless. The
20 case law requires that it be denied. And there is no
21 workaround for Skky in order to obtain the evidence that it
22 needs to prosecute its case against the Defendants.

23 THE COURT: Okay, thank you.

24 MR. SCHULTZ: Did you want me to address the
25 discovery stuff?

1 THE COURT: Oh, no, we are done. I mean, no
2 offense, but -- I think I can't absorb anymore.

3 But, I do -- in fact, if everyone can just hold
4 on, stay here for two more minutes. I do want to just have
5 the -- since I asked the question, if you could ask counsel
6 in the back the question regarding inspection, just so I
7 know?

8 And you just said three lawsuits. I remember the
9 Guyot or something?

10 MR. SCHULTZ: Guyot.

11 THE COURT: Guyot, yeah. I don't remember what
12 the other one is. So, those two questions. And if you can
13 just do that now and we will all kind of stay here. We can
14 go off the record for a minute.

15 (Discussion off the record.)

16 THE COURT: Back on the record now.

17 MR. GASPARO: Would Your Honor like to first
18 address the inspection question or the source code -- or
19 sorry, the *ExitExchange* -- the three NPE litigation
20 question.

21 THE COURT: The inspection first, Mr. Gasparo?

22 MR. GASPARO: To the best of my understanding,
23 there has been some interpretation of the Act as it relates
24 to inspection documents. And for Playboy documents that are
25 located in Quebec in Manwin's possession, there should not

1 be any problem with an inspection of those documents,
2 because those documents are related to a Quebec business
3 concern. So, I don't know if that was clear.

4 THE COURT: Okay.

5 MR. GASPARO: So, inspection would work for
6 Playboy documents located in Quebec.

7 THE COURT: Okay.

8 MR. GASPARO: For Manwin, for MindGeek documents
9 located in Quebec, my understanding is there is case law
10 that says inspecting those documents and presumably taking
11 notes on inspection is basically going against the spirit of
12 the Act. So, it's also prohibited.

13 THE COURT: Okay.

14 MR. GASPARO: We reference -- I referenced the
15 reason why MindGeek sought this judgment was because of
16 three NPE litigations, one is the *Guyot* case, one is this
17 *Skky* case, and the third is the *ExitExchange* case that
18 opposing counsel refers to.

19 I have two very important points to make. The
20 first is, is that Skky has not requested source code from
21 any Defendant in this case, including the ringtone
22 companies. Actually, they have told us that they are not
23 interested in source code. So, that is contrary to what you
24 heard, I think, Your Honor.

25 And second of all, MindGeek is involved in this

1 ExitExchange case in Texas before Judge Gilstrap. And yes,
2 there was an agreement to produce source code, but contrary
3 to what opposing counsel said, that source code is actually
4 a third party that Manwin does business with that is located
5 in the United States. It is not Manwin's source code from
6 Quebec.

7 THE COURT: All right. That is all I'm going to
8 hear. All right?

9 MR. GASPARO: Thank you, Your Honor.

10 THE COURT: Very good. I am going to take it
11 under advisement. I actually had some thoughts on certain
12 things, and if anyone ever asks, it does make a difference
13 for oral argument. So, I do want to think some of those
14 initial thoughts over.

15 So, I will take it under advisement and I will get
16 it out as quickly as we can. And to let you folks know, we
17 were actually on, you know, kind of a track of getting out
18 the other motion, the previous motion in a pretty quick
19 order, here. So that should be coming out soon, too.

20 Ms. Miller?

21 MS. MILLER: Your Honor, would you have a copy of
22 that D.D.C. case?

23 THE COURT: Oh, yes, do you have --

24 MS. MILLER: I do.

25 THE COURT: Okay, good. Thank you.

1 This was not cited in -- not correct? So, when
2 something is brought up, I do allow the responding party to
3 do a quick letter if you so feel the need. Do it quickly,
4 though, within the next couple of days so that if there is
5 anything to respond to, just do it in a letter format. And
6 that is awful good, okay?

7 MR. SCHULTZ: Thank you, Your Honor.

8 THE COURT: You're welcome. All right. Anything
9 else on behalf of the Plaintiff's side?

10 MR. SCHULTZ: None, Your Honor.

11 THE COURT: Anything else, and I hope the answer
12 is no, but for Thumbplay and Dada?

13 MR. HEVERIN: We can take a hint. We have nothing
14 further.

15 THE COURT: All right. Anything else on behalf of
16 Manwin, Vivid or Playboy?

17 MR. GASPARO: No, Your Honor. Thank you.

18 THE COURT: All right, very good. Safe travels to
19 all. Thank you. We will be in recess.

20 (Adjournment.)

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2 CERTIFICATE
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56 The foregoing transcript is a
7 transcription of the digital audio recording that was
8 produced in the above matter by Court staff and later
9 submitted to myself, Jeanne M. Anderson, for transcription.
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